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October 31, 2014

Louisiana Public Service Commission

Attention: Brandon Frey/Kathleen Richardson

Executive Counsel

602 North Fifth Street, 12th Floor (Galvez Building) (70802)

P.O. Box 91154

Baton Rouge, Louisiana 70821-9154

Re: **Docket No. U-33411** Beauregard Electric Cooperative, ex parte.

Application for Certification of Public Convenience and Necessity for: (1) Authorization to Begin an Advanced Metering System Pilot Program to be followed by Complete Deployment of the Same; (2) Authorization to Install, Own, and Operate Advanced Metering Infrastructure; (3) Authorization to Recover in Jurisdictional Rates all costs Reasonably and Prudently Incurred to Install, Own, and Operate Advance Metering Infrastructure; and (4) Expedited Treatment.

Dear Brandon:

Henderson Ridge Consulting is pleased to respond to the Louisiana Public Service Commission's ("LPSC" or "the Commission") October 14, 2014 Request For Proposals ("RFP") for independent technical consultants to assist the Commission in conducting a review of Beauregard Electric Cooperative, Inc.'s ("BECi" or "the Cooperative") Application to launch an Advanced Metering System ("AMS") pilot program and full deployment of Advanced Metering Infrastructure upon expiration of the trial program. In prior engagements with the LPSC, Henderson Ridge Consulting has worked closely with several of the electric distribution cooperatives that are subject to the regulation of the Commission, including BECi. Our firm's experience with the applications and petitions that have been submitted by the distribution cooperatives has spanned a broad range of regulatory areas, including the evaluation of the cooperatives' initiatives to deploy AMI and Smart Grid infrastructure.

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Scope of Representation

As defined in the RFP, the consultant retained by the Commission shall assist Staff in reviewing BECi's Application and its compliance with the Commission's General Order dated September 29, 2009. The Commission's General Order requires that any LPSC-jurisdictional utility seeking to deploy an AMS or Demand Response ("DR") program must receive certification from the Commission prior to recovering the program's costs in rates.

Summary of Work Plan

Henderson Ridge Consulting will thoroughly evaluate the Application submitted by BECi in support of the Cooperative's request to implement an AMS pilot program. Our evaluation will include an in-depth analysis of the estimated benefits and estimated costs of the AMS program and whether the public interest will be served through implementation of the program.

The major services, procedures, and reviews that will be performed include:

- Examine documentation in support of estimated annual costs and estimated annual benefits;
- Prepare formal discovery and review responses;
- Isolate qualitative benefits from quantitative benefits;
- Assess BECi's compliance with standard cost-effectiveness tests;
- Evaluate vendor technology and associated capital and operating costs;
- Identify stranded costs, if any, from the introduction of new AMS hardware and software programs;
- Evaluate BECi's proposed cost recovery plan for AMS program implementation;
- Review proposed schedule of service offerings available through AMI and Smart Grid infrastructure deployment;
- Evaluate the proposed schedule and plan to transition the AMS pilot program to full deployment;
- Assess proposed communications between BECi and its customers through AMI technologies;
- Meet and hold conference calls with Staff and Cooperative representatives;
- Hold status conferences with Staff;
- Prepare final report and/or prefiled testimony;

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- Stand cross examination at Commission hearings;
- Attend Business and Executive Sessions (as Staff deems necessary);
- Assist Staff counsel in the drafting of motions, briefs, and orders; and
- Provide general support services to Staff throughout the engagement.

Experience of Henderson Ridge Consulting

Henderson Ridge Consulting is uniquely qualified to evaluate the Application of BECi as our firm already has experience with the Advanced Metering Infrastructure and Smart Grid initiatives undertaken by LPSC-jurisdictional utilities, including the electric distribution cooperatives. The Commission retained our firm during 2011 to conduct an assessment of the status of AMI and Smart Grid deployment among LPSC-jurisdictional utilities. In the course of that engagement, we examined the programs undertaken by the Entergy operating companies, Cleco Power, LLC, and the Louisiana electric distribution cooperatives. We also reviewed the AMI and Smart Grid deployment of Louisiana municipalities and NRG's Smart Grid model home that is equipped in Houston, Texas. We will work together with the Commission Staff to examine and resolve the principal issues related to BECi's Application.

Henderson Ridge Consulting has performed detailed earnings investigations of several electric distribution cooperatives that are regulated by the Commission, including BECi. We have recently completed our evaluation of the requests of DEMCO and SLECA to recover their unreimbursed storm restoration costs through a rider. The following table summarizes our experience in working with the Louisiana electric distribution cooperatives on behalf of the Commission.

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**Henderson Ridge Consulting, Inc.
Louisiana Electric Distribution Cooperative Projects
Conducted on Behalf of the Louisiana Public Service Commission**

<u>Cooperative</u>	<u>Docket No.</u>	<u>Year</u>
<u>Earnings Reviews:</u>		
DEMCO	U-26845	2003
Pointe Coupee	U-28608	2005
Jefferson Davis	U-28857 (Phase I)	2006
Jefferson Davis	U-28857 (Phase II)	2007
Beauregard	U-30328	2008
Washington-St. Tammany	U-30455	2008
<u>Formula Rate Plan Design and Evaluation</u>		
Beauregard	U-32540	2013
SLECA	U-32698	2013
DEMCO	U-33063	2014
SLECA	U-33122	2014
<u>Recovery of Storm Restoration Expenditures</u>		
DEMCO	U-32977	2014
SLECA	U-33191	2014
<u>Affiliate Transaction Audit:</u>		
DEMCO	U-27496	2004
<u>RFP for Long-term Power Supply Contract:</u>		
Valley		2007,2008
<u>Certification of Long-term Power Supply Contract:</u>		
Valley	U-30914	2009
Washington-St. Tammany	U-32222	2012
Claiborne	U-32224	2012

A firm resume has been attached to the proposal and provides further background on our experience and prior engagements. Our firm has been retained by the Louisiana Public Service Commission over the years to assist Staff in numerous dockets covering the myriad requests, issues, and audits of utilities under its jurisdiction. These

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engagements have involved electric distribution cooperatives, investor-owned electric utilities, local gas distribution companies, telecommunications carriers, and water and wastewater utilities.

Minimum Requirements

Henderson Ridge Consulting is experienced in analyzing the operations and the books and records of electric utilities, telecommunications carriers, and water and wastewater companies under the jurisdiction of the Louisiana Public Service Commission. This experience has been applied for the purpose of setting just and reasonable rates. As discussed in the Experience section of our proposal, Henderson Ridge Consulting has experience with the AMI and Smart Grid technologies that have been deployed by LPSC-jurisdictional utilities. We are also experienced with the ratemaking treatment and principles specific to electric distribution cooperatives.

Henderson Ridge Consulting has reviewed the list of minimum requirements identified in the Commission's RFP. Our firm is experienced with each of the minimum requirements and can readily satisfy this group of professional standards that the Commission expects of its expert consultants.

Estimate of Cost

The professional fees for the project are estimated at \$32,850.00 based upon an hourly rate of \$150 for William Barta. Travel-related expenses are anticipated to be \$1,500.00, for a total budget of \$34,350.00.

Conflict of Interest

Henderson Ridge Consulting has no current assignments, or any prior assignments, that could pose any conflicts of interest, or the appearance of such conflicts, including, but not limited to, any work performed on behalf of the Louisiana Public

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Service Commission. The firm does not represent any private clients before the Commission.

Henderson Ridge Consulting appreciates the opportunity to respond to the RFP and to continue its relationship with the Commission and its Staff.

Sincerely,

William Barta
Principal